Previous references.

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File No. 5 of 1892-3

Serial Nos. 1—

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Later references.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1—

Part B. for

SUBJECT.

Proceedings of the Eight Annual General Meeting of the Shareholders of the Maharaja of Ellyore Spinning and Manufacturing Company, Limited.

Table of Contents.

Dated 25th February 1893. From the Secretary Maharaja of Ellyore Spinning & Manufacturing Co.

Submits a copy of the Proceedings of the Eighth Annual General Meeting of the Shareholders of the Maharaja of Ellyore Spinning & Manufacturing Company, Limited.

(General Serial No. 30.)

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GOVERNMENT OF MYSORE

From The Secretary
Mahargidi Gold Mining
& Manufacturing Co.
Bangalore

To

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Dated 25 February 1893

Despatched

Received

Enclosures No.

General No.

No.

Proceedings of the eighth
Annual General meeting
of Shareholders of the Mahargidi
Gold Mining and
Manufacturing Company
Limited.

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15/3/93

M. G. O. P. Bangalore.—30-1-93.—5,000.

For Shareholders only.

PROCEEDINGS

OF THE EIGHTH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE

MAHARAJAH OF MYSORE SPINNING & MANUFACTURING CO., LIMITED.

BANGALORE, SATURDAY, THE 25TH FEBRUARY 1893.

The following were present:—

Mr. J. R. BARROW.
,, BUNDAPPA CHETTY.
,, R. CHARLESWORTH.
,, B. GOVINDARAJ MOODELIAR.
,, B. GUNGIAH.
Colonel LEMESSURIER.
Mr. D. P. LUTCHMIAH.
Mr. NARRAINSAWMY.
,, J. G. SCOTT, *Managing Agent.*
,, B. SRINIVASAIENGAR.
,, J. C. STAFFORD.
,, H. E. STANBROUGH.
and
Colonel TABUTEAU.

The Chair was taken by Mr. B. Srinivasaiengar, who proceeded to read the Notice convening the Meeting. The Chairman then read out the Directors' Report for 1892, and moved that the Report with Balance Sheet and Accounts for 1892 be accepted and adopted.

Seconded by Mr. J. Scott.

Mr. Gungiah objected to the adoption of the Report on the ground that it had not been signed by all the Directors, and especially by the Government Director.

Seconded by Mr. Govindaraj Moodeliar.

Colonel LeMessurier then addressed the Meeting, in the following words:—

"I do not rise to second the amendment just made by Mr. Gungiah, but to propose another amendment, to the effect that the Balance Sheet is not passed until a full allowance has been set aside for Depreciation.

"I notice also that the Agents and Directors have omitted to sign the Balance Sheet.

"Last year I visited Bangalore to see the Mill, and the result of my short inspection was communicated to most of you, that, 'personally I was satisfied as to the *value* of the property (not necessarily at the price given in the Balance Sheet),' and that with a view to help the Mill I had taken up some of the Debentures.

"I thus backed my own opinion and hoped that a great deal of the dissatisfaction and open grumbling on the part of some Shareholders would cease.

"During the last few days I have been much occupied in enquiring into the Mill's affairs, and if you can spare the time I will notice certain points in the Mill's career.

"The Report before us is for the year ending December 1892. It is the ninth, the first being for 1884. The Mill was in full operation in July

1886. Since then there have been five years of profit and two years of loss, and the general results are shewn by the Directors' Reports to be as under :—

			Year.	Profit.	Loss.	Depreciation.	Reserve.
				Rs.	*Rs.*	*Rs.*	*Rs.*
			1886	...	18,426	...	...
Fire	... ...	3,474	1887	11,712	...	...	...
			1888	50,627	...	2,264	2,681
Flour Mill	...	7,018	1889	10,019	...	3,000	...
			1890	...	18,125	3,000	...
			1891	14,620	...	...	...
			1892	1,941	...	3,000	...
				88,927	36,551	11,264	2,681

Profit	52,376	13,945
Dividend, 1886 ...	34,562	
	17,814	

That is to say, the total profits have been Rs.88,927, and the total loss Rs.36,551, leaving a profit balance of Rs.52,376 ; out of which the Shareholders have received a 7 per cent. Dividend. In addition Rs.11,264 have been carried to Depreciation, and Rs.2,681 to the Reserve.

"Now let me go back to the time when the promoters first came to Bangalore. Early in 1883 they issued a prospectus, proposing a Mill, as the "cheapest in India," to yield 'a very good return for capital invested.'

"Half the capital had been already subscribed in Bombay, and Shareholders were offered a guarantee by the Agents (on security of 1,000 fully paid-up shares) of 12 per cent. per annum, for 12 years, with half surplus profits on the guaranteed shares, while those not availing themselves of this guarantee would receive the full amount of profit declared on their shares.

"There were no promotion expenses : the Mysore Government took shares : the proposal seemed sound. I took shares, *under the guarantee only*, and advised my friends to do the same. The terms of this guarantee are also embodied in Para. 109 of the Articles of Association.

"Up to the present I have received :—

For nine months ending 1886... 9 per cent. cash.
For 1887... ... ... 12 do.
For 1888... ... ... 12 do.
For 1889... ... ... 10 do.
For 1890... ... . 12 do.
For 1891... ... ... 12 per cent. in Debentures.
For 1892... ... ... 12 per cent. cash.

or in the course of $6\frac{3}{4}$ years, 79 per cent. in interest on the money I invested.

"This being so, I cannot accuse the Agents of breach of faith. The same guarantee was publicly offered to all, and every one of you had the opportunity of selecting it, and in course of time, participating in substantial benefits in hard cash.

"The Mill started with 10,370 spindles in full operation in July 1886, with a capital of $4\frac{1}{2}$ lacs, inclusive of half-a-lac margin for working.

"It has now 15,148 spindles, 187 looms, flour mill, &c., and the capital expenditure has increased to Rs.8,12,080. A second mill having started up in competition in 1888.

"Now let me turn to the Balance Sheet for the year under discussion.

"I make out the financial position thus :—

Head III—Capital Expenditure	8,12,080
Heads III, IV, V—Stock-in-Trade, Debts, Cash, &c.	2,18,848
	10,30,928
Head II—Deduct Debentures	5,98,730
Leaving Balance to Credit	4,32,198
Head I—Capital Subscribed	4,43,000
Shewing Balance against the Mill of	10,802

"But against Item III the Depreciation (at 2½ per cent. on buildings and 5 per cent. on machinery) amounts to Rs.1,77,680, and this amount has not been set off.

"Allowing the sum of Rs.13,945 (para. 5) and also Rs.13,128 for increase in value of Plantation, then we have Rs.1,50,607 still to be written back for Depreciation, and this, with Rs.10,802 against the Mill, makes a total of Rs.1,61,409 to the bad.

"The simplest way seems to me to write off as much as is required from Head I Capital, by reducing the value of the shares, and crediting the amount so written off to Head VI Depreciation and Reserve.

"The position then will be, a Mill in full operation, turning out 5,000 lbs. of yarn daily, and weaving 2,000lbs. of cloth daily, with a small capital and suitable reserve.

"The question of Depreciation can scarcely be settled by the Directors' Statement that the fall of 22 per cent. in exchange *plus* 20 per cent. rise in price of Machines, covers it.

"It is essential that a careful inspection is made by an expert of the whole of the Machinery, and also that it is closely valued, not only as regards its present condition and the length of its life, but also in reference to the improvements of later years.

"It may be that 1½ lacs is too much to write off, or perhaps that it is too little. At all events such a valuation would go far to remove the constant doubt which exists in the minds of many as to the Mill's stability.

"As regards Head II Debts and Liabilities of the Company, the amount is Rs.5,98,730. Of this Rs.2,18,848 has to be taken for Stock-in-Trade, Good Debts, Cash, &c. leaving a Net Debt of Rs.3,66,399.

"The Directors have, no doubt, satisfied themselves that these liabilities are in order, and properly covered, and that we are so far protected that no claims can be sprung on us on these accounts without full warning and ample time to meet the claims.

"On my last visit I called attention to the changes that had been made in the original terms under which shareholders had advanced money.

"The first is the Agency charge of three pies per lb. of production, amounting to Rs.22,151. On the altered terms the Agents have not claimed the office allowance of Rs.7,200, a fact I was not aware of last year, so that the Agents draw, say Rs.15,000 a year for supervision, instead of 10 per cent. on profits.

"The terms of three pies per lb. of goods sold, I find, exists at the other Mill in Bangalore, but there is a point in connection with our Mill which may be noticed, *viz:* that the Agents hold 1,870 shares and guarantee high interest on 575 more—or in other words, our Agents own more than half this Mill, so that a greater portion of the Agency Commission is a payment to the Agency from their own money to themselves.

"The Share list shows that the Agents own 1,870 shares, and guarantee 575 more. The Mysore Government hold 250 shares, and of the balance 1,748, there are 378 shares, held by 74 natives of Mysore and Coorg, at an average of five shares apiece.

"I also asked for particulars of wages and salaries Rs.60,451.

"The payments are at an average monthly rate of Rs.5,037, distributed as under :—

		Rs.	
Mill Wages	...	4,363	
Mill Establishment	...	448	—No Spinning Master for 4 months.
Office	...	209	
Plantation ...	...	17	

"I would also call your attention to a result which is shown in the Accounts.

"From the Balance Sheet the total debt is Rs.5,98,731, and according to the Revenue Account Rs.39,942 has been paid for interest. Had the shareholders advanced all the money for loans, &c., they would have received at a rate of Rs.6$\frac{2}{3}$ per cent. for the year, or 3$\frac{2}{4}$ per cent. on the whole total of Rs.10,44,412, which includes the Capital subscribed.

"Therefore instead of borrowing money and paying others interest at rates varying from 6 per cent. and 7$\frac{1}{2}$ per cent, to 9 per cent. and receiving nothing, shareholders might have helped their own Mill and been gaining nearly 4 per cent. all round on their own money.

"The Mill, therefore, has been working at a profit, for it has been paying some one other than the shareholder, because the shareholder has not come forward to help. Apparently there are still Rs.62,000 in debentures to be taken up.

"My impression is that you have a good property. It is now in full work; and with care it can be made to pay.

"But the very first point for close attention is the *valuation of the property as it stands.*

"We know from Mr. Inman's report in December 1885 that the buildings are 'thoroughly good and substantial.'

"We also know from Mr. Redfern's report at the same time on the machinery that we have 'a valuable Mill property' which 'will compare favourably with any Mill in India.'

"Also from Mr. Olleff's evidence in Suit No. 266 of 1886 before Colonel Hill that other Mills 'cost more' than ours.

"But buildings and machines, however good at the outset, will not last for ever.

"Then as soon as the valuation is known and thoroughly accepted I should recommend all without hesitation to agree to that particular sum which may be found necessary being withdrawn from capital, and credited to the funds for Depreciation and Reserve.

"Mr. Scott wrote to me this morning that a manager from one of the Madras Mills had arrived, and that the valuation is in hand.

"I now propose as an amendment to Mr. Gungiah's objection, viz., that before the Account is passed in its present shape, a sum of 1$\frac{1}{2}$ lacs rupees be written back to Depreciation under Heading VI Reserve Fund from Capital."

After discussion Mr. Scott stated that in consequence of a remark made some days previously by Colonel LeMessurier, that the Mill ought to be valued, he had engaged Mr. Greaves, Manager of the Royapuram Mills, an expert from Madras, to report on the property. Mr. Greaves had made his report, and the document was on the table for the information of Shareholders. If the meeting desired it, Mr. Greaves might now be called.

Mr. Greaves was then introduced and invited to state his opinion generally on the property. He gave a favourable report. (Mr. Greaves' written report is attached to the Proceedings).

Colonel LeMessurier then asked Mr. Greaves a few questions in reference to his written report :—

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You say that the Engines, Boilers, and Machinery are in perfect order? Yes.
Should not depreciation be allowed for to the extent of 5 per cent.? Yes.
What is the life of our Engine from date of working? 25 or 30 years.
You say the Boiler is first-class? Yes.
What working pressure would you allow? 100lbs.
What is the life of such a boiler? 15 years.
The Blowing Room is in fair order? Yes.
Would you allow depreciation for 6 years? Yes.
Do you think that depreciation at 5 per cent. per annum should be allowed in the card and frame machines? Yes.
The Spinning Room is in very fair order? Yes.
What depreciation would you allow there? 7½ per cent.
Do you think depreciation should be on the Reels, Hydraulic and Bundling Presses and on the Looms? Yes.
If Spindles cost Rs.35 each in Bombay, what would be the additional cost in Bangalore? 15 or 20 per cent.
Roughly you value the property at Rs.9,90,950 at current rate of exchange, and you take off one lakh of rupees for depreciation, making a total of Rs.8,90,950? Yes.
You think the Mill will hold and the engines will work 8,000 more spindles? Yes.
What is your present post? Manager of Royapuram Mill, Madras.
How long have you been with your present employers? 6 years, under three different engagements.
How many years have you been connected with spinning mills? 26 years last July.

Mr. Scott then suggested as an alternative, that an extraordinary meeting be called hereafter for the purpose of settling a Depreciation Fund to the extent of one lakh of rupees, a proposal he would support as a large shareholder.

Colonel LeMessurier's amendment was then put and negatived.

Mr. Gungiah's objection was then negatived, and the original Proposition that the Directors' Report, Balance Sheet and Accounts for the year ended 31st December 1892, be accepted and adopted, was put to the vote. It was carried by nine members, representing 2,468 shares voting for the Resolution, five members voting against it, representing 423 shares.

The 452 proxies were not used.

The Chairman then stated that the next business was the election of Directors for the current year, the retiring Directors being the Chairman himself and Mr. B. Gungiah.

It was then proposed by Mr. Scott and seconded by Col. LeMessurier that Mr. Srinivasa Iyengar be re-elected. *Carried unanimously.*

Mr. Govindaraj Moodeliar then proposed that Mr. Gungiah be re-elected.

The following amendment proposed by Mr. Scott and seconded by Mr. Stanbrough, was then put to the meeting, that Mr. Molloy be elected a Director in place of Mr. Gungiah. *Carried unanimously.*

Mr. Scott then moved that the appointments of Messrs. Stanbrough and Biligiri be confirmed as Directors, and that no more Directors be appointed.
Seconded by Mr. Barrow.

The following amendment proposed by Mr. Narrainswamy was then put to the meeting. That as Mr. Biligiri is not a resident of Bangalore, he should not be made a Director, and proposes Mr. Ramaswamy in his place.
Seconded by Mr. Bandappa.

Eight members opposed this amendment, representing 2,468 shares. The 452 proxies were not used.

Mr. Scott's original proposal that Messrs. Stanbrough and Biligiri be confirmed as Directors was put. *Carried unanimously.*

Mr. Stanbrough then proposed that the present Auditors do continue to be the Auditors for the current year.

Seconded by Col. LeMessurier. *Carried unanimously.*

Mr. Scott then proposed a cordial vote of thanks to the Chairman for presiding at the meeting.

Supported by Mr. Stanbrough and *Carried unanimously.*

MAHARAJAH MYSORE MILLS, BANGALORE,
25th February 1893.

B. STREENEVASSIENGAR,
Chairman.

APPENDIX.

REPORT by Mr. Greaves on the Maharajah of Mysore Mill Property, Bangalore, in February, 1893.

To

THE AGENTS AND DIRECTORS OF THE
MAHARAJAH OF MYSORE SPINNING AND
MANUFACTURING CO., LIMITED.

I have pleasure in handing in the following Report:—

ENGINES, BOILERS AND GEARING.

I have examined your Engines, Boilers and Gearing, and find them all in as perfect order as they could be after six years' working. In fact the Engines, with double the burden they started with, are working very smoothly, and are, in my opinion, as good as the day they started to work first. I have examined the Gearings, and find them in perfect order. The Engines are capable of driving an extra 8,000 spindles. I have examined four steel boilers, which are working at a daily pressure of 100lbs. This is a very high pressure for Boilers after being six years in use. I consider them first-class to stand that pressure, which is a very high one.

BLOWING ROOM.

I find the machinery in this room, which consists of—

1 Creighton Opener,
1 Willow,
2 Single and 2 Double Scutchers,

in the condition I expected to find it, after being six years at work. It is in very fair order, after having worked so long, at such high speeds, and will compare favourably with any other Mill Machinery having worked that time.

CARD AND FRAME DEPARTMENT.

The same applies to all Machinery in this room, which has been working six years, namely:—

30 Carding Engines,
4 Sets of Drawings,
4 Slubbing Frames,
4 Intermediate Frames,
13 Roving ,,

These Machines are in very good order, and would be subject to the ordinary depreciation of Machinery, which is allowed in mostly all Mills, namely 5 per cent per annum.

Regarding the new Machinery put in by Asa Lees and Company in this room, namely:—

18 Carding Engines,
2 Sets of Drawings,
2 Slubbing Frames,
3 Intermediate Frames,
7 Roving ,,

I find these all equal in every respect to new.

SPINNING ROOM.

30 New Ring Frames.
11,160 Spindles by Asa Lees and Company.

I find these about equal to new. All that is required is strict attention from the jobbers and boys; then the frames will do their duty, and a good production will follow. A Machine is not a horse, and if not attended to will not produce or do its work.

Six Mules.
4,464 spindles,

I have examined these, and find them in very fair order, after having worked six years, subject, of course, to the usual depreciation for that time.

REELS.

I have examined the Reels, and the same applies to them.

HYDRAULIC AND BUNDLING PRESSES.

I have examined these presses, and the same applies to them.

LOOMS.

I have examined 187 looms. They are almost new, and I find them in as good working order as the day they were put in. This also applies to the preparatory machinery, sizing, etc., connected with the looms.

MECHANICS' SHOP.

The mechanics' shop is everything that can be desired for carrying on repairs; having—

3 Turning Lathes, one 26 feet long, one eight feet long, and
1 Wood Turning Lathe,
1 Drilling Machine and 1 Donkey Engine,
1 Shaping or Planing Machine,
1 Wheel-Cutting Machine,

and all accessories and screw cutting for 30,000 spindles.

FOUNDRY.

This is also a great acquisition to a mill in the mofussil, away from engineering establishments.

Note.—Breakages occur in every Mill all over the world daily, hence the reason every mill has a mechanics' shop for doing their daily repairs. This mill appears to me to be very well laid out, and I consider it a very valuable property, if well managed.

VALUE OF MILLS.

Spinning mills in Bombay (exclusive of looms) were valued at Rs.35 per spindle, Mills in the mofussil where inland carriage and other expenses are heavy were valued at from Rs.40 to Rs.50 per spindle, according to the size of the mill. A mill of 16,000 spindles costs more in proportion than a mill of 40,000 spindles, at least 25 per cent. more, the reason of this being that a Mechanic Shop, Blowing Room, and a great many other departments, are required for a small mill which are only required for a larger mill.

Rupees 35 per spindle for a mill of 40,000 spindles in Bombay when exchange was 1*s.* 6*d.* will cost now at exchange 1*s.* 2¾*d.* about 43 per spindle. The same applies to a mill in the mofussil. A mill of this description now in Bangalore will cost at least at the present rate of exchange Rs.52 per spindle, would cost Rs.8,32,000, exclusive of looms, add 750 per loom for 187 looms (this is how they calculate in Bombay) including buildings, motive power, gearing, preparatory, and all accessories, complete for working the looms. The price for such looms in the mofussil say Rs.850 per loom, makes a total for looms as above Rs.1,58,950; add Rs.8,32,000 makes a total of Rs.9,90,950; take Rs.1,00,000 off for depreciation leaves a value of Rs.8,90,950. The reason I have taken Rs.1,00,000 all round off Buildings and Machinery is because about one-half of the machinery has worked six years, and the other is practically new. This is a fair valuation for the Mill as it stands as a working concern at this present moment. I notice, also, your Mill will hold another 8,000 Ring spindles with all preparatory complete. This could be put in at a nominal cost as you have sufficient motive power, ample room in buildings, and will only cost the same for management, which will reduce the original price per spindle very considerably.

Regarding the Flour Mill Machinery I am not an expert in that line, and therefore would rather not give an opinion.

I am, Gentlemen, yours faithfully
E. GREAVES,
Manager of Southern India Mills, Madras.

Bangalore, 25th February, 1893.

P.S.—Mr. Scott desires me to express that I never had the pleasure of seeing him in my life before nor any of the Directors. But I must say that I am agreeably surprised to find this Mill in so good a condition.

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PROCEEDINGS

OF THE

EIGHTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE

Maharajah of Mysore Spinning and Manufacturing Co., Ld.